

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

TRANSFER OF
INBOUND MARKET DOMINANT
EXPRÈS SERVICE AGREEMENT 1,
INBOUND MARKET DOMINANT
REGISTERED SERVICE AGREEMENT 1,
INBOUND MARKET DOMINANT PRIME
TRACKED SERVICE AGREEMENT,
AUSTRALIAN POSTAL CORPORATION - UNITED
STATES POSTAL SERVICE BILATERAL
AGREEMENT, AND
CANADA POST CORPORATION - UNITED
STATES POSTAL SERVICE BILATERAL
AGREEMENT
NEGOTIATED SERVICE AGREEMENTS TO THE
COMPETITIVE PRODUCT LIST

Docket No. MC2020-73

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 2**
(January 29, 2020)

The United States Postal Service (Postal Service) hereby provides its responses to Chairman's Information Request No. 2, which the Postal Regulatory Commission (Commission) filed in this docket on January 22, 2020.¹ A response was due no later than January 29, 2020.

Each question as it appears in the request is reprinted verbatim in the attached, and is followed by the Postal Service's response.

¹ Chairman's Information Request No. 2, Docket No. MC2020-73, January 22, 2020.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel
Global Business and Service Development

Christopher C. Meyerson
Attorney

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-7820; Fax -5628
christopher.c.meyerson@usps.gov
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1. The Postal Service states that “[t]racked or registered items tendered that meet the dimensions of letter and flat criteria will be treated as an E format item and be subject to E format rates.”² Please confirm that letter post items with the size dimensions, weight limits, and content of letters and flats in accordance with the Universal Postal Convention³ treated as format E for operational, statistical, and accounting purposes are also included as mailpieces for which services are provided under the PRIME agreements.

RESPONSE:

Confirmed. Tracked and registered items dispatched under the terms of the three PRIME agreements in this docket are sent in mail subclass “UX”, exclusively tracked, and “UR”, exclusively registered, respectively, both of which are subject to format terminal dues rates.

² Response of the United States Postal Service to Chairman's Information Request No. 1, with Portions Filed Under Seal, January 10, 2020, question 1.

³ Universal Postal Union (UPU) Convention Manual, Article 17-102 to Article 17-105, available at: http://www.upu.int/uploads/tx_sbdownloader/actInThreeVolumesManualOfConventionEn.pdf.

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2. Please confirm that the host mailpieces for the services provided under the three PRIME agreements in this docket are separated by format P/G and format E during processing to assess separate terminal dues for format P/G and format E items.
 - a. Please also confirm that volumes for the host mailpieces with the size dimensions, weight limits, and contents of letters and flats can be segregated from Inbound Letter Post volume for PRIME remuneration.
 - b. If not confirmed that the host mailpieces are separated by format during processing, please explain in detail how the format P/G and format E host mailpieces are processed to assess terminal dues remuneration and identify any practical challenges to separating format P/G and format E items for purposes of terminal dues and PRIME remuneration.

RESPONSE:

Not confirmed. The host mailpieces are dispatched under mail subclasses "UX", exclusively tracked, for PRIME Exprès and Tracked, and "UR", exclusively registered, for PRIME Registered.

- a. Not confirmed. The PRIME host mailpieces are not segregated from Inbound Letter Post volume for purposes of PRIME remuneration. The mailpieces arrive in the mail subclasses described above and are paid at the E format rate.
- b. The sending operator prepares its receptacles by "nesting" all of the mailpieces within its receptacles. "Nesting" means that, as mailpieces are put into a receptacle, the item barcode on each mailpiece is scanned and associated with the receptacle's barcode. The receptacle barcode indicates the weight of the receptacle, and the receptacle label and dispatch information provides the total number of items within the dispatch receptacle based upon the scanned item

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barcodes. The E format rate is then applied to the total weight of the receptacle and number of items within the receptacle.

Trying to separate letters and flats is not practical. First, mail subclasses UR and UX default to E format. The UPU would have to change the default of these codes to allow for the indication of P, G, and E, and modify settlement documents to account for the different format rates. Second, each sending operator would need to have two to three separations, depending upon UPU regulations, instead of one to nest the items to the separate bags. This would substantially increase the number of bins needed on Postal Service sorting machines, thus requiring additional sortation runs and/or manual processing for small volume destinations. Both steps would negatively impact service and increase costs.